

SOUTH BEND REDEVELOPMENT COMMISSION REGULAR MEETING

March 2, 2007

10:00 a.m.

Presiding: Marcia I. Jones, President

227 West Jefferson Boulevard
South Bend, Indiana

1. ROLL CALL

Members Present:

Ms. Marcia Jones, President

Mr. Greg Downes, Secretary

Mr. Ken Peczkowski

Members Absent:

Mr. Karl King, Vice President

Mr. Hardie Blake, Jr.

Legal Counsel:

Mr. Charles S. Leone, Esq.

Redevelopment Staff:

Mr. Don Inks, Director

Mrs. Cheryl Phipps, Recording Secretary

Mr. Bill Schalliol, Economic Development Specialist

Mr. Robert Mathia, Asst. Director, Economic Dev

Ms. Debrah Jennings, Property Manager

Others Present:

Ms. Jamie Loo, South Bend Tribune

Ms. Rita Kopala

Ms. Violet Blosser, Habitat for Humanity

Mr. Todd Junkins, Habitat for Humanity

Ms. Anneliese Woolford

Mr. Shawn Todd

Ms. Jones acknowledged the Common Council's recent appointment of Ken Peczkowski to the Redevelopment Commission, replacing Bill Hojnacki. Marcia Jones was also reappointed by the Council. Both Mr. Peczkowski and Ms. Jones were sworn in before today's meeting.

2. APPROVAL OF MINUTES

A. Approval of Minutes of the Regular Meeting of Friday, February 16, 2007.

Upon a motion by Mr. Downes, seconded by Mr. Peczkowski and unanimously carried, the Commission approved the Minutes of the Regular Meeting of Friday, February 16, 2007.

COMMISSION APPROVED THE MINUTES OF THE
REGULAR MEETING OF FRIDAY,
FEBRUARY 16, 2007

South Bend Redevelopment Commission
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3. APPROVAL OF CLAIMS

Redevelopment Commission Claims submitted March 2, 2007 for approval.

305 SBCDA 2003 BOND

Kaser-Spraker Construction	85,377.20
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324 AIRPORT AEDA

Abonmarche Consultants of Indiana L.L.C.	438.84
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414 SAMPLE EWING GENERAL

Weaver Boos Consultants, LLC	6,742.32
Indiana Michigan Power	5.88
DLZ Indiana, LLC	4,200.00

420 FUND TIF DISTRICT-SBCDA GENERAL

City of South Bend	4,179.41
AT & T	78.82
Meridian Title Corporation	150.00
Metropolitan Title Company	175.00
CBRE	1,361.61
Downtown South Bend	34,913.01
Rose Pest Solutions	90.00
South Bend Water Works	187.33
R. E. Pitts & Associates, Inc.	2,400.00

422 FUND WEST WASHINGTON ST

South Bend Heritage Foundation	13,855.03
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428 FUND AIRPORT 2003 BOND

D & B Environmental	1,858.00
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\$	<u>156,012.45</u>
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Mr. Downes made a motion to approve the Claims
submitted March 2, 2007.

Mr. Peczkowski asked to see the detail for the claims for
South Bend Heritage Foundation and Downtown South

COMMISSION APPROVED THE CLAIMS
SUBMITTED MARCH 2, 2007 WITH THE CODICIL
THAT THE CLAIM FROM DOWNTOWN SOUTH
BEND BE SUBJECT TO FURTHER REVIEW.

3. APPROVAL OF CLAIMS (CONT.)

Bend. Mr. Inks noted that the Community & Economic Development department's financial staff has reviewed all the claims submitted by Downtown South Bend for 2004, 2005, 206 and 2007, including individual items on those claims, to ascertain whether we have been billed more than once for the same item. The staff is satisfied that the \$34,913.01 is a valid amount to pay to DTSB and does not represent any duplicate payments: that it is an amount that they have expended funds for activities that were approved under the contract. Mr. Inks indicated he feels comfortable recommending the claim be approved.

Mr. Peczkowski said he would still like to see tapes of the invoices. He'd like to see how many of them are aged and how many are perhaps a bailout for things that were not paid that may be overdue. Mr. Inks responded that the requested information can be provided.

Mr. Peczkowski also asked whether the South Bend Heritage Foundation claim was for administrative duties, architectural responsibilities, etc. Mr. Inks responded that very little of the \$13,855.03 would be for administrative duties. They charge a 10% administrative fee for their activities. Most of the claim is related to acquisition and demolition activities for the Natatorium in the West Washington-Chapin Development Area.

Mr. Inks asked counsel if it would be appropriate to approve all claims subject to Mr. Peczkowski's review of the Downtown South Bend claim. Mr. Leone responded that a motion could be made to approve the claims but that claims to DTSB not be disbursed until Mr. Peczkowski has the opportunity to review them. Staff would make a record that Mr. Peczkowski had reviewed them and that action would serve as a trigger to make the payment.

3. APPROVAL OF CLAIMS (CONT.)

Mr. Peczkowski amended the motion on the floor to approve the Claims submitted March 2, 2007 with the codicil that the claim from Downtown South Bend be subject to further review. Mr. Downes seconded the motion. The motion was unanimously carried .

4. COMMUNICATIONS

There were no Communications.

THERE WERE NO COMMUNICATIONS

5. OLD BUSINESS

There was no Old Business.

THERE WAS NO OLD BUSINESS

6. NEW BUSINESS

A. Tax Abatements

- (1) Commission approval requested for Resolution No. 2315 approving an application for real property tax deduction for property located at 103 Carlisle Street, vacant lot adjacent to 1219 Colfax Ave, vacant lots adjacent to 111 and 116 Walnut Street and vacant lot adjacent to 1232 Jefferson Boulevard in the West Washington-Chapin Development Area. (Habitat for Humanity of St. Joseph County)**

Mr. Mathia gave the staff report on the project. Habitat for Humanity intends to construct five single-family homes with volunteer labor and donated materials. Two types of homes will be constructed: one type will be 1,120 square feet with three bedrooms on a crawl space or full basement. The other type will be 1,344 square feet with four bedrooms and two baths on a four-foot crawl space or a full basement. The average

6. NEW BUSINESS (CONT.)

A. Tax Abatements

(1) continued...

price of the homes will be \$65,000. Total taxes to be abated during the five-year abatement period is estimated at \$2,895 per home for a total of \$14,775. Total taxes to be paid during the five-year abatement period for each home is estimated at \$1,370 per home for a total of \$6,850. Habitat has had numerous abatements since 1998. The property is properly zoned for single-family homes. The property is in the West Washington-Chapin Development Area, which is a Tax Increment Allocation Area; therefore, approval of the tax abatement petition by the South Bend Redevelopment Commission is required. The project qualifies for five years of residential tax abatement under the tax abatement ordinance.

Ms. Jones asked what Habitat's timeline would be for constructing these homes. Mr. Junkins responded that they would be built during this building season, completed before November 2007.

Mr. Peczkowski asked how many of each type of house would be built. Ms. Blosser responded that the size of the home depends on the family that will be occupying it. The family/home assignments haven't been made yet. Ms. Blosser estimated that there would be at least two of each home built.

Mr. Peczkowski asked who would be the recipient of the abatement benefit. Ms. Blosser responded that the home owner

6. NEW BUSINESS (CONT.)

A. Tax Abatements

(1) continued...

would receive the abatement.

Mr. Peczkowski followed with the question of whether Habitat would build the five houses with or without the abatement. Ms. Blosser responded that Habitat tries very hard to secure the abatement for all of its families. Mr. Peczkowski stated that if the tax rate was lower, tax abatement would not be necessary. Why not cut through the red tape and have a fair property tax in place to begin with? Mr. Leone noted that the Commission has very little control over the tax rate. It's determined by the assessed value and by the budget as submitted. Property taxes as collected go 75% for public safety services. There is a trade-off between the services that are necessary and required and the amount people are willing to pay for those services. A lot of the law controlling the tax rate is controlled by the legislature. Some changes are expected as a result of the 2% circuit breaker which will be coming into play for residential properties for 2007/pay 2008. That will make a difference in how that tax abatement works for the property. Generally, the circuit breaker will lower taxes for residential properties, so it will push city budgets down as well, unless there is some kind of corresponding sources of revenue.

Mr. Inks noted that the circuit breaker works well for rental properties. It doesn't work as well for owner occupied properties. In lower cost homes, there will be little impact on the

6. NEW BUSINESS (CONT.)

A. Tax Abatements

(1) continued...

taxes paid.

Ms. Jones noted that the Common Council gives final approval for tax abatements. The Commission agrees to forego the tax increment that would otherwise be collected.

Ms. Jones also noted that these are vacant properties that are bringing in very little in taxes.

Mr. Downes made a motion to approve Resolution No. 2315. Ms. Jones seconded the motion. The vote was two (2) ayes, but Mr. Peczkowski abstained. The motion did not pass.

RESOLUTION NO. 2315 DID NOT HAVE THE
VOTES NECESSARY TO PASS

B. South Bend Central Development Area

(1) Commission approval requested for proposal for roof inspection in the South Bend Central Development Area. (LaSalle Hotel)

Mr. Mathia noted that the roof of the LaSalle Hotel is old and in need of replacement; however, because we have not yet decided what to do overall with the hotel, we do spot patching on the roof when necessary. Over the last two years Conspect Services has inspected the roof for us and assisted in making temporary repairs. With the winter weather breaking, it's time for a new inspection.

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(1) continued...

Conspect Services has submitted an estimate of three different scenarios for the cost of inspecting the roof and overseeing any necessary repairs. The estimates range from \$350 to \$3,075. Staff recommends accepting the proposal from Conspect Services with a not to exceed amount of \$5,000.

Mr. Peczkowski asked the nature of the business relationship between Conspect Services and KRC Roofing. Mr. Mathia responded that they are different companies. Conspect is strictly a roof consultant.

Mr. Peczkowski asked if KRC was incapable of doing the inspection. Mr. Mathia responded that we prefer to hire someone independent to do the inspection so the roofing contractor doesn't build the job up. It's our way of protecting public funds.

Mr. Peczkowski asked if the roof is leaking. Mr. Mathia responded that it has been in the past. We feel it is good to check it every spring following the winter's wear.

Mr. Peczkowski asked if there aren't savings to be had by just having the roofer do the inspection and repairs. Ms. Jones responded that the Commission believes the better course of action is to hire an independent inspector who would not stand to gain from the work recommended.

Mr. Peczkowski also questioned the wisdom of approving a not-to-exceed amount of

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(1) continued...

\$5,000, nearly \$2,000 more than the estimated worst case scenario. He asked whether approval of the higher amount becomes known by Conspect and KRC roofing. Ms. Jones responded that this is a public meeting so they could find out if they so desired. However, the Commission's experience is that has not happened.

Upon a motion by Mr. Peczkowski, seconded by Mr. Downes and unanimously carried, the Commission approved the request for roofing services in the South Bend Central Development Area and accepted the estimate from Conspect Services with a not-to-exceed amount of \$5,000. (LaSalle Hotel)

COMMISSION APPROVED THE REQUEST FOR SERVICES IN THE SOUTH BEND CENTRAL DEVELOPMENT AREA AND ACCEPTED THE ESTIMATE FROM CONSPECT SERVICES WITH A NOT-TO-EXCEED AMOUNT OF \$5,000 (LASALLE HOTEL)

C. Sample-Ewing Development Area

There was no business in the Sample-Ewing Development Area.

D. Airport Economic Development Area

(1) Commission approval requested for Resolution No. 2317 approving an amendment to the Declaration of Protective and Restrictive Covenants of the Blackthorn Corporate Center and Blackthorn Corporate Center Development Guidelines.

Mr. Witwer noted that the Blackthorn Owners Association has adopted changes to the Restrictive Covenants and Guidelines. As a majority property owner in the

6. NEW BUSINESS (CONT.)

D. Airport Economic Development Area

(1) continued...

corporate park, the Commission must approve any amendments. Resolution No. 2317 amends the Blackthorn Restrictive Covenants and Guidelines in the following manner. Article 4.7.2 Support Office Research: a reduction in floor area requirement for office from 50% to 33%. Article 7.4.3 Open Space and Parking Landscape Areas: rather than the property owner maintaining only landscaping, the lawn landscape easement “will be maintained by the owner of said site. The plantings and landscaping in the area will be maintained by the Association in accordance with the provisions of the declarations and development guidelines.” Landscaping, Article 4.B: shrubs no longer have to be three foot in height at the time of planting when used as a screen for parking. Staff recommends approval of Resolution No. 2317.

Ms. Jones asked about Article 7.4.3: when it says “rather than the property owner maintaining the landscaping, the lawn will be maintained by the owner of said site,” are they frequently the same? Mr. Witwer responded that he seems to have made a typographical error. In the previous language, the distinction wasn’t made between the lawn and the landscaping. Under that assumption, someone could argue that the Owners Association is responsible for everything within that 30-foot conservation easement. This separates it so

6. NEW BUSINESS (CONT.)

D. Airport Economic Development Area

(1) continued...

that the owner is responsible to maintain
the lawn.

Upon a motion by Mr. Peczkowski, seconded
by Mr. Downes and unanimously carried, the
Commission approved Resolution No. 2317
approving an amendment to the Declaration
of Protective and Restrictive Covenants of
the Blackthorn Corporate Center and
Blackthorn Corporate Center Development
Guidelines.

COMMISSION APPROVED RESOLUTION No. 2317
APPROVING AN AMENDMENT TO THE
DECLARATION OF PROTECTIVE AND
RESTRICTIVE COVENANTS OF THE BLACKTHORN
CORPORATE CENTER AND BLACKTHORN
CORPORATE CENTER DEVELOPMENT
GUIDELINES

E. South Bend Medical Services District

There was no business in the South Bend Medical
Services District.

F. West Washington-Chapin Development Area

There was no business in the West Washington-
Chapin Development Area.

G. South Side Development Area

There was no business in the South Side
Development Area.

H. Northeast Neighborhood Development Area

There was no business in the Northeast
Neighborhood Development Area.

I. Douglas Road Economic Development Area

There was no business in the Douglas Road
Economic Development Area.

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7. PROGRESS REPORTS

Mr. Inks distributed a notice of a meeting of the South Bend Common Council's Committee of the Whole on Saturday, March 10, 8:30 a.m. The purpose of the meeting is to hear a basic explanation about tax increment finance, to discuss the capital budget, and possibly to discuss tax abatement. All are welcome to attend.

PROGRESS REPORTS

8. NEXT COMMISSION MEETING

The next meeting of the Redevelopment Commission is scheduled for Friday, March 16, 2007 at 10:00 a.m.

NEXT COMMISSION MEETING

9. ADJOURNMENT

There being no further business to come before the Redevelopment Commission, Mr. Downes made a motion that the meeting be adjourned. Mr. Peczkowski seconded the motion and the meeting was adjourned at 10:27 a.m.

ADJOURNMENT

Donald E. Inks, Director